



RISK MANAGEMENT

THE MAGAZINE OF THE RISK AND INSURANCE MANAGEMENT SOCIETY, INC.

1997

INDEX OF ARTICLES

655 THIRD AVENUE · NEW YORK, NY 10017 · (212) 286-9364 · FAX: (212) 922-0716

GENERAL RISK/INDUSTRY SPECIFIC A Debate on Risk Management Standards: Establishing Expected Practices

January, pg. 14, Robert Bernens

Limits on a Company's Ability to Manage Risk

January, pg. 18, Susan Meltzer

Should the risk management industry adopt professional standards? Would such standards address relevant concerns about the practice of risk management or impose unnecessary restrictions on the profession? In separate articles, two risk management veterans debate the issue.

Finding the Right Balance: How to Manage Career Risk

February, pg. 14, William J. Kelly

As more companies explore holistic and capital market approaches to risk management and examine their core competencies, risk managers must carefully compare their existing skills to their employers' changing needs.

Bridging the Gap: Using Effective Communications to Improve Corporate Risk Management

February, pg. 39, Robert M. Bieber

Risk managers can benefit from a broader understanding of the day-to-day activities of their companies' operations. A focused communications effort between the risk management department, operating units and outside service providers can provide precise definitions of any problems and efficient approaches to resolution.

Brokers and Consultants: Who's Who?

February, pg. 43, Michael R. Levin

Despite the overlapping tasks of consultants and brokers, there are fundamental distinctions between the two. Selecting the most effective service provider requires understanding which competencies best apply to the task at hand.

Proving Your Worth: Planning and Publishing a Risk Management Annual Report

April, pg. 33, Tim East

A risk management annual report can give risk managers an opportunity to communicate the value they bring to the organization by framing their philosophy, goals and objectives, and establishing the criteria by which their success can be measured.

Schools of Thought: Uniting Climate Research and Insurers in Bermuda

May, pg. 34, Anthony H. Knap

The insurance industry and climatological researchers are cooperating in an international effort taking place at the Bermuda Biological Station for Research to improve the accuracy of long-term climate forecasts and to explore ways that insurers can use

these forecasts to assess and manage climate-related risks.

Safety at Sea: A P&I Perspective

May, pg. 45, Joseph E. M. Hughes

Although the insurance industry has long played a significant role in promoting and enhancing safety at sea, this effort has accelerated in the last decade through a renewed emphasis on loss prevention.

Intricate Opportunities: Infrastructure Risk Management

July, pg. 14, Peter J. Haller

Infrastructure risk managers face formidable challenges in developing cohesive programs to address incidents such as political upheavals, property destruction and employee injuries. Explosive demand exists for infrastructure projects, but companies must understand what they're getting into.

Integrated Approaches: Quality and Risk Management

July, pg. 33, Brian R. Hinrichs and Kenneth J. Crepas

As the risk management function evolves at many companies, greater demands are being placed on risk managers to address a wider range of exposures and to communicate with other departments more closely. Total quality management (TQM) methods can enhance their performance in mitigating their organizations' exposures.

Making the Distinction: Risk Management or Exposure Management?

August, pg. 14, Michael R. Levin and Mark G. Schneider

Organizations should examine the distinctive roles of risk management and exposure management critically and determine the extent to which each is addressed.

A CFO's View: "Two-Feet-on-the-Ground" Risk Management

September, pg. 21

In a detailed interview, Mike Brown, chief financial officer of Microsoft, shares his views of risk and risk management.

Emergence of the Chief Risk Officer

September, pg. 30, James C. Lam and Brian M. Kawamoto

A growing number of companies are recognizing the valuable role a chief risk officer position can play in implementing and managing comprehensive risk management programs.

A Unique Balance: The Essence of Risk Management

September, pg. 37, Michael R. Levin and Michael L. Rubenstein

By providing expertise in risk identification and

financing, risk managers make important contributions to the success of their organizations.

A Call to Quality

September, pg. 54, Stephen M. Wilder

Risk managers have a responsibility to take an active role in efforts to improve the insurance industry's products and services.

A Smooth Handoff: Challenges in Toll Processing

October, pg. 29, Michael Dore

As more companies supplement their core competencies with external expertise, the growth of tolling and custom manufacturing relationships presents a number of contractual, safety and environmental challenges for risk managers.

Sharing Our Sandbox: Commonsense Advice from an Aviation Risk Manager

October, pg. 35, Timothy F. Harper

Excessive perceptions of risk, uneven risk management experience and disputes about where liability rests make aviation risk management more complicated than it needs to be.

Risk Management on Parade

December, pg. 22

Disney's preparations for the Hercules Electrical Parade.

A Wolf in the Cabbage Patch?

December, pg. 27

How Mattel responded to allegations of harrasing dolls.

Pittsburgh Gives It Their Best

December, pg. 50

How a group of risk management professionals developed best practices to share knowledge with their colleagues.

Conrail's Answer to Data Dump

December, pg. 52

How improved training helps workers cope with regulatory and informational demands.

INSURANCE/RISK FINANCING

Taming the Whirlwind: RIMS Works to Improve Insurance Certificates

January, pg. 35, Christopher E. Mandel

In the face of administrative challenges, many risk managers have questioned the value of insurance certificates. RIMS is cooperating with industry groups to remedy shortcomings and make these documents more user-friendly and efficient.

A Valuable Guide: What Risk Managers Should Know About D&O Claims

January, pg. 39, Michael A. Rossi

Directors' and officers' claims present risk managers with a number of challenging legal

issues ranging from reservation of rights letters and defense costs to overlapping liability coverage and sharing privileged information.

Three-Year D&O Policies: A Timely Solution?

January, pg. 42, *Frederick J. Pagnani, Jr.*
When it comes to purchasing directors' and officers' liability insurance, today's highly competitive environment has inspired a number of new products, including three-year policies. But while multi-year policies address a number of key requirements, there is good reason for caution.

Preparing for the Worst:

How Large Losses Can Affect Stock Prices

January, pg. 48, *Richard M. Duval*
The potential effect on the stock prices of companies that experience large self-insured losses is often overlooked when risk retention strategies are created. To calculate the financial effects of a loss accurately, a possible decline in stock value must also be considered.

A Rising Tide? The Converging Capital and Insurance Markets

February, pg. 20, *Carl H. Groth*
One of the most talked about subjects in risk management during recent years is the possible convergence of the insurance and capital markets and the resulting changes to the traditional roles of industry participants.

Partnering in a Complex Environment: Risk Managers and Actuarial Science

March, pg. 16, *Steven Visner and Richard Carris*
Given the importance of mathematics, probabilities and quantitative tools, casualty actuaries can add considerable value to the risk management process.

Captives 1997:

A Foundation for Risk Financing

March, Center Insert
Risk Management's annual captives supplement examines a risk manager's perspective on managing a captive; retention levels; how Bermuda is adapting to soft market conditions; Panama's efforts to establish a new domicile; and the relationship between Barbados and Canadian-related captives.

Insurance Meets Wall Street:

The Guy Carpenter Index

May, pg. 14, *Bruce Thomas*
To facilitate the securitization of catastrophe risk, reinsurance broker Guy Carpenter has developed an index designed to correlate more closely to individual insurer exposures and loss experience.

Waking the Giant:

Is Insurance Becoming Irrelevant?

August, pg. 14, *William J. Kelly*
Changes in financial services, coupled with new approaches to assessing and treating risk, have raised fundamental questions about whether the insurance industry has kept pace with its customers' needs.

Coming Together: Converging Roles Within the Insurance and Finance Marketplace

August, pg. 14, *William Jewett*
As the volume of insurable risks increases

and worldwide risk-bearing capacity continues to be tested, insurance companies and risk managers are looking to the capital markets for solutions. The convergence of insurance and finance is increasing interest in products that combine elements of both.

A Breach of Trust? Addressing Insurance Company "Restructurings"

September, pg. 49, *John N. Ellison*
The trend toward "restructurings" within the insurance industry, in which insurers attempt to limit their liability for long-tail losses, challenges the basic principle of the insurance transaction—that an insurance company will stand behind the policies it issues.

Convergence and Innovation: Developments in the Reinsurance Marketplace

September, pg. 57, *Heidi E. Hutter*
Ongoing consolidation and the growing use of capital markets products are reshaping the reinsurance industry and positioning reinsurers to play a larger role in the risk management process.

Structured Control: Managing Multi-Carrier HPR Programs

November, pg. 43, *John F. Kulzer and Mark R. Evans*
The use of five or more carriers on individual HPR programs expands market capacity and allows carriers to reduce their overall exposure, but the technique also increases the potential for confusion and coverage disputes when claims arise.

Customized Coverage:

How a New Policy Form Was Born

December, pg. 38
Unable to find coverage he wanted, a risk manager developed his own policy.

Fixing Broken Bucks:

Fidelity Proposes New Captive Use

December, pg. 42
How a mutual fund family explored a new solution for an industry problem.

ENVIRONMENTAL

Contained Response:

Environmental Emergency Planning

May, pg. 40, *Gaylord Bridegan, Dan Chilcutt, Bruce H. Basehart and Marvin Dickerson*
Environmental emergencies represent significant disaster management and regulatory challenges for many organizations, so it is important for risk managers to analyze their companies' prevention and recovery procedures.

EMPLOYEE BENEFITS/HUMAN RESOURCES

Preventing Sexual Harassment: Risk Management Tools

January, pg. 24, *Judith I. Pearson*
With the number of reported incidents and lawsuits rising, every company must develop policies and procedures for preventing and dealing with sexual harassment in the workplace.

Sealing Worker Silence:

Effective Post-employment Agreements

January, pg. 29, *Gerald L. Maatman, Jr.*
Departing employees can harm a company by joining a competitor, soliciting clients or work-

ers to leave, or attempting to establish their own business. A post-employment agreement may be necessary to protect a company against unfair competition by former employees.

Help Wanted: The Americans With Disabilities Act and Pre-employment Inquiries

April, pg. 63, *Marilyn M. Fish*
Through a number of provisions designed to protect job applicants from discrimination, The Americans With Disabilities Act has introduced potential liabilities from pre-employment questions that were once routine.

The Future of Employee Benefits

June, pg. 28. RIMS Employee Benefits Committee

As a number of management, demographic, technological and legislative trends are reshaping the workplace, more and more employers are recognizing a need to adjust their employee benefits programs.

Employee Leasing: Liability in Limbo?

June, pg. 37, *Lindsay Newland Bowker, on behalf of the RIMS Roundtable*
The increasingly common use of "leased" employees may offer many advantages but can also pose a number of complex liability and insurance coverage issues.

Looking Forward Carefully: Fiduciaries' Expanding Disclosure Obligations

September, pg. 67, *Carol A. Noer*
As employees take more active roles in the management of retirement programs, fiduciaries need to evaluate the potential legal pitfalls associated with increased disclosure requirements.

Into the Mainstream? Employers Examine Domestic Partnership Benefits

September, pg. 70, *Marc A. Savasta*
The number of companies offering benefits to domestic partners has increased as concerns about excessive costs are being proven unfounded.

Integrating Risk—Really: Partnership Thrives at UC Davis

December, pg. 48
By involving expertise from different departments, this university reduced employee injuries and improved morale.

HEALTHCARE/DISABILITY MANAGEMENT

Tuning in for Treatment: Telemedicine

Brings Opportunities and Risks
April, pg. 46, *Marva West Tan*
Interactive telemedicine technology will open tremendous opportunities for sharing health-care knowledge and improving patient access. But along with this growth come shifting legal issues and clinical, business and financial risks.

Total Health Management: Linking Productivity and Employee Well-Being

July, pg. 23, *Jenny P. Emery*
Linking employee well-being to improved productivity may seem obvious, but the long history of managing workers' compensation and group health programs separately shows that significant change must occur before these programs can be integrated fully.

A Closer Look: Integrating Alternative and Traditional Medicine

September, pg. 62, Hassan Rifaat, M.D.
Although alternative medicine has been used as a healing treatment for more than 2,000 years, its integration into employee benefits programs is a new development.

Diagnosis: Reduced Disability Costs

October, pg. 14, Nelson Hendler
Chronic pain, particularly back, neck and limb pain, is an expensive problem for businesses. New methods for diagnosing pain-related claims accurately can improve patients' recoveries and reduce employers' costs.

The Future of Managed Disability

November, pg. 49, Jack Bredehorn
A new approach based on integrated claims administration, intensive treatment and aggressive return-to-work programs is becoming the model for managing disability benefits effectively.

INTERNATIONAL

Emerging Issues in Global Risk Management

February, pg. 29, Teresa L. Pahl
A number of issues in the international arena are beginning to affect global risk management, prompting a need to understand how events at overseas operations can influence the risk management function.

Navigating the Global Market

August, pg. 14, Edward G. Troy
Fundamental shifts in the characteristics of the global business environment have concurrently altered the concept of risk, offered possible new ways to control risk and provided innovative tools to manage risk.

Exploring the Efficient Frontier:

Global Risk Management Strategies

August, pg. 14, R.C. Herrick
When a business competes in the global market, its risk profile changes. New regulations, political risks and the sheer difficulty of maintaining operations over large distances may require new risk financing options.

The Resurgence of Political Risk Insurance

November, pg. 56, Daniel Wagner
Driven by monumental changes and the growth of international infrastructure projects, political risk insurance has experienced a resurgence in popularity during the 1990s.

LOSS CONTROL/DISASTER RECOVERY
Fires in the Sky

March, pg. 24, William A. Kerr
Even the most well-engineered buildings with elaborate power protection systems are not immune to the risk of fire. Any electrical system, no matter how old or new, can fail without regular maintenance.

Loss Control Technologies: Diverse Research and Testing Serves Business and Industry

March, pg. 30, John A. Davenport
As companies, processes and equipment change, risk managers must consider new safety implications. Risk-based machinery inspections, coupled with continuous loss

control research and testing, all help companies analyze risk management decisions by identifying the probability and consequences of loss.

Rocking and Rolling:
Earthquakes Outside California

May, pg. 21, Judith M. Tomese and Virginia Lawson

The earthquake risk in California is well known, but this exposure also needs to be addressed in other parts of North America. Because earthquakes can occur anywhere, risk managers must evaluate and prepare for events that may appear to be deceptively remote.

Keeping a Lid on Hurricane Risk

May, pg. 29, Michael F. Burke

Conventional wisdom held that applying risk identification, assessment and improvement techniques to hurricane risks provided limited value. Research conducted in the wake of Hurricane Andrew, however, indicates that a majority of all property losses from hurricane wind are actually preventable.

Developing Standards for Transportation Risk

June, pg. 50, Frederick C. Clark and Kate McGinn

Establishing a program to identify and correct a wide array of potential transportation hazards in a formal manner is crucial to managing transportation risk. Implementing such a program requires a uniform standard for measuring the risks and incorporating safety procedures.

Don't Look Now, But You Are Having a Crisis

July, pg. 42, Steven B. Goldman and Debra K. Traverso

To address the immediate and long-term consequences of disastrous events, it is important for every company to set up crisis management and recovery plans to prevent economic and intrinsic loss, and communications plans to safeguard trust and credibility.

Midwest Rising

December, pg. 14

How an electrical cooperative responded to the Grand Forks, North Dakota flood.

Unscheduled Docking: Riverwalk's Recovery

December, pg. 18

A New Orleans mall struck by a freighter raced to reopen in time for the Super Bowl.

Risk Management Connectivity:

Building Bridges

December, pg. 30

The construction of the Confederation Bridge was a monumental effort.

Maintaining Momentum:

How Lands' End Kept Packages Moving

December, pg. 34

The two-week UPS strike forced direct marketers to find different delivery routes.

Keeping the Desert Dry

December, pg. 44

How the City of Palm Springs prepared for desert floods and the arrival of El Niño.

LEGAL/REGULATORY

The Veil of Tiers: Shareholder Lawsuits and Strategic Insurance Layers

April, pg. 77, Boris Feldman

In many instances, the manner in which a directors' and officers' insurance program is structured can be an important factor in the outcome of shareholder litigation.

Policyholder Panacea?

The Role of Independent Counsel

June, pg. 57, Jill B. Berkeley

Independent counsel—defense counsel selected and controlled by the insured—can provide comfort to policyholders but may raise concerns about loss of control and increased costs to insurance companies. It is important for risk managers to understand this relationship as well as the situations in which hiring independent counsel is particularly important.

Terminating Liability: Coverage for Wrongful Discharge Claims

July, pg. 36, Deborah C. Saxe, Reynold L. Siemens and Deanna M. Wilcox

The recent explosion in employee wrongful-discharge litigation has triggered questions about the different (but sometimes overlapping) roles of general liability, employment practices and directors' and officers' insurance policies.

Two Wrongs That Made a Right

December, pg. 54

How California Tomato Growers got an unfavorable law changed.

Involvement Paves Way for Reform

December, pg. 58

Fed up with the cost of litigation, a Texas company helped to enact reforms.

WORKERS' COMPENSATION/SAFETY

Making the Right Moves: Implementing Effective Ergonomics Management

February, pg. 50, Mark D. Hansen and David S. Kysar

Because the costs of dealing with workplace ergonomics injuries and illnesses continue to increase, companies need to better identify employees and environments at risk and implement an effective ergonomics management program.

Controlling Costs? Strategies to Implement in 1997

March, pg. 37, Anne Kirby

The workers' compensation industry saw landmark changes in 1996. The challenge for risk managers and workers' compensation program administrators in 1997 will be to continue to implement specific strategies that take advantage of these changes.

The Universal Language:

"Time and Money" Safety Benchmarks

November, pg. 29, David S. Kysar

Traditional statistics measuring the effectiveness of safety programs are often inappropriate for specific facilities or operating units, but simple techniques allow risk managers to translate injury and accident data into the universal language of time and money.

A Firm Grip:

Best Practices for Trucking Industry Safety
November, pg. 37, John R. St. Aubin

Although most people associate truck driver injuries with on-the-road accidents or improper lifting, the single largest cause of workers' compensation incidents is drivers slipping and falling while entering or exiting a truck cab.

Continental Takes Safety to New Heights

December, pg. 40

How an airline cut its workers' comp costs in half.

TECHNOLOGY

The Transforming Power of Technology

February, pg. 35, David D. Holbrook

Electronic commerce is exerting a powerful influence on the practice of risk management by providing a new generation of communications capabilities, information access and productivity gains for risk managers and their broker-advisers.

Is Somebody Watching?

Employee Communications and Privacy

April, pg. 22, Clay D. Creps and

Linda M. Bolduan

Although e-mail and other forms of electronic communications are rapidly becoming essential tools for conducting business, their misuse may expose employers to unforeseen liabilities.

Risk 2000

April, pg. 55, Pamela Smith Baker

Is your company ready for the year 2000? With the new millennium comes the threat of a data programming error that could disrupt operations and result in millions of dollars in losses. The clock is ticking as companies attempt to correct obsolete software date formats before the arrival of the year 2000 ushers in a potential business interruption crisis.

Moving Forward: Risk Management Meets the Information Age

September, pg. 43, Scott Lange

Information and communications technology are profoundly reshaping the ways individuals and businesses interact and operate, and the forward march of technology will soon usher in significant change for the risk management community.

Performance Anxiety: Electronic Products Errors & Omissions Coverage

October, pg. 22, Dana A. Kerr

Product liability concerns have generally focused on physical harm, but computer hardware and software products are more likely to cause purely economic losses, which challenges the ability of traditional errors & omissions coverage to meet the high-tech industry's needs.

Technorisk: Who's Responsible?

November, pg. 20, Maia L. Hughes

Technology-related business interruption risk requires expertise from an organization's risk management and information systems departments. Responsibility for the exposure can fall between the two departments without being addressed.

RISK AND INSURANCE MANAGEMENT SOCIETY, INC. (RIMS.)

An Olympic Feat for Atlanta: RIMS 1997 Exhibit Hall Preview

March, pg. 47, Christiane M. Saleh

The best and brightest in risk management will converge on Atlanta April 13-18 for the 35th RIMS Annual Conference & Exhibition. This year's Exhibit Hall will highlight technological trends as well as the latest offerings from a diverse range of service providers.

Managing Business Risk:

RIMS Unveils New Seminar

April, pg. 16

RIMS Annual Conference Preview

April, Center Insert

An exciting look at what to expect at the RIMS Annual Conference & Exhibition in Atlanta, including: conference highlights; restaurants; excursions; and interviews with outgoing RIMS president Louis J. Drapeau and incoming president Stephen Wilder.

Gathering in Atlanta: The 35th RIMS Annual Conference & Exhibition

June, pg. 14

These highlights from the 35th RIMS Annual Conference & Exhibition in Atlanta feature attendee perspectives and photographs capturing the excitement of the risk management community's premier gathering.

Insurance Company Consolidations: Good or Bad for Corporate Customers?

August, pg. 14, Kathryn Z. West

In a recent telephone survey, RIMS members shared their opinions about the potential effects of the ongoing consolidations reshaping the insurance industry today.

Special Supplement: Risk Management Forum, Monaco 1997

A guide to the biennial Risk Management Forum in Monte Carlo, including conference highlights, advice for correcting the Year 2000 problem, the role of export credit insurance and Monte Carlo restaurants.

CIRCUIT BREAKERS

Avoiding Workplace Liability:

Anti-discrimination Resources, January, pg. 12

Countdown to Tomorrow: Preparing Computers for the Year 2000, February, pg. 12

Home on the Web: RIMS Site Continues to Evolve, March, pg. 14

Online Resources: Risk Managers

Suggest Web Sites, April, pg. 18

Logging on to Risk? Network Security,

May, pg. 12

Keeping Your Web Site Safe, June, pg. 8

Year 2000 Conversion Efforts:

How Are We Doing?, July, pg. 12

Global Guidance: Resources for International

Risk Managers, August, pg. 12

Surfing to Safety: Online Safety Management Resources, November, pg. 16

Lifelong Learning: Online Professional

Development Resources, December, pg. 6

MIDDLE MARKET

More Companies Examining Workplace

Practices, January, pg. 10

Managing Risk Electronically, February, pg. 10

Embracing Risk Financing Vehicles,

March, pg. 12

Managing Business Risk: RIMS Unveils New

Seminar, April, pg. 16

Promoting Environmental Awareness,

May, pg. 10

Maintaining Continuity, June, pg. 6

Integrated Administration: Interest Growing in Combining Benefits Programs, July, pg. 10

Seeking International Protection: Demand

Grows for Political Risk Coverage,

August, pg. 10

Extortion Risk Awareness Increasing: Exporting

Products, Importing Risk, October, pg. 10

Integrated Approach: Applying Managed Care to Workers' Comp, November, pg. 14

RULES & REGULATIONS

Toward a Better Standard: RIMS Creating an Issue Brief, January, pg. 54

Call for Assistance: RIMS Committee

Focuses on Ergonomics, March, pg. 68

Protecting Employer Rights: RIMS Defends

Legitimate Use of Surveillance, April, pg. 100

Natural Disaster Legislation: Not Just for

Coastal States Anymore, May, pg. 49

Legislative Links: Federal, State and Provincial

Resources Online, July, pg. 54

Statehouse Scoreboard: Legislative Wins,

Losses and Delays, August, pg. 58

Risk Managers Must Defend Interests: It's

About the Policyholder, September, pg. 78

Fatal Distraction: Ohio Risk Managers Can

Tip Balance This Fall, October, pg. 52

A Legislative Carol: Ghostly Tales of

Opportunities for Change, December, pg. 66

NEWS CURRENTS

Emerging Markets, Emerging Risks:

ALARYS Conference Fosters

Risk Management, February, pg. 60

Compensability Varies by State: Cumulative

Trauma Disorders, April, pg. 102

Safety Campaigns: Maintaining Momentum,

June, pg. 70

Litigation Management: Risk Manager

Applies Quality Approach, December, pg. 68

END ANALYSIS

Negotiating Your Recovery: Business

Interruption Claims, February, pg. 12

Changing Face of Risk Management: Greater

Emphasis on Financial Skills, April, pg. 108

Tobacco Liability: Can Your Company Get

Smoked?, May, pg. 56

Keeping Track of Disability Management,

June, pg. 76

Increased Litigation: The Future of Managed

Care?, July, pg. 60

An Updated Tradition: Guaranteed Cost

Programs Attracting New Interest,

August, pg. 64

Celebrating the New Century in Court:

Year 2000 Litigation Looms,

September, pg. 84

Versatile Tools: Captives Playing New Roles

in Parents' Programs, October, pg. 56

Future Successes: Several Trends Influencing

Risk Management, December, pg. 72

